



December 18, 2013

The Honorable Charles E. Schumer
United States Senate
Washington, D.C. 20510

Dear Senator Schumer,

On behalf of the more than 29,000 members of the New York State Society of Certified Public Accountants, I am writing to share our deep concern about the limitation on the use of the cash method of accounting for businesses as proposed by Chairman Baucus in his Cost Recovery and Accounting Discussion Draft (November 21, 2013).

The proposal would eliminate exceptions that currently exist for all natural persons, certain pass-through entities (i.e., partnerships and S corporations), farmers, and personal service corporations, and would require them to change to the accrual method of accounting if their average gross receipts exceed \$10 million.

We believe it is important to preserve the continued availability of the cash method of accounting for non-natural taxpayers, personal service corporations and farmers. These businesses are located throughout New York State, include nearly all industries, and are part of the driving force behind economic expansion and job growth. The provision in Chairman Baucus' proposal would require these companies to change to the accrual method, force their owners to pay tax before they have the cash to pay it, and add unnecessary complexity and costs.

As CPAs, we believe tax reform should promote simplicity and economic growth and should *not* create unnecessary administrative and financial burdens on our local businesses. Thank you for your consideration of this important matter.

Sincerely,

J. Michael Kirkland, CPA
President, New York State Society of Certified Public Accountants